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Message Text

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ORIGIN ARA-14

INFO OCT-01 ISO-00 SS-15 HA-05 SSO-00 CIAE-00 DODE-00
NSAE-00 NSCE-00 ICAE-00 INRE-00 PM-05 H-01 INR-10
L-03 PA-01 SP-02 TRSE-00 OMB-01 ACDA-12 AID-05
COME-00 EB-08 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01
STR-07 CEA-01 DOTE-00 OES-09 HUD-01 IO-13 DLOS-09
MCE-00 /136 R

DRAFTED BY ARA/AND/B - MR. TOYRYLA:LEE
APPROVED BY P - MR. NEWSOM
ARA - MR. MCNEIL
ARA - AMBASSADOR VAKY
AA/LAC - MR. COY (SUBS)
HA - MR. SCHNEIDER
----------056631 260122Z /75
O 260003Z JUL 78
FM SECSTATE WASHDC
TO AMEMBASSY LA PAZ IMMEDIATE

C O N F I D E N T I A L STATE 188170

E.O. 11652: GDS

TAGS: PGOV, BL

SUBJECT: US STANCE VIS-A-VIS PEREDA'S GOVERNMENT - ASSIS-
TANCE

REFS: (A) LA PAZ 5803; (B) LA PAZ 5819

1. REFTEL B MUCH APPRECIATED. YOUR VIEWS ON ASSISTANCE TO BOLIVIA UNDER PEREDA GOVERNMENT PARALLEL THINKING IN DEPARTMENT. WE CANNOT APPEAR TO CONDONE DERAILMENT OF ELECTORAL PROCESSES THAT HAS ALREADY TAKEN PLACE, AND WOULD PLAN TO COMMUNICATE OUR DISAPPOINTMENT AND CONCERN. HOWEVER, WE HOPE TO USE POTENTIAL FUTURE ASSISTANCE
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PROGRAMS AS LEVERAGE TO MOVE PEREDA CONSTRUCTIVELY ON BOTH MAINTENANCE OF INDIVIDUAL HUMAN RIGHTS AND THE RESTORATION OF DEMOCRATIC POLITICAL DEVELOPMENT.

2. WE WILL BE REPROGRAMMING $14 MILLION FY 78 FMS CREDIT FOR BOLIVIA TO ANOTHER COUNTRY. FOR THE TIME BEING WE WILL CONTINUE TO PLAN FOR AN FMS CREDIT

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PROGRAM FOR FY 79 AND FY 80 AGAINST CONTINGENCY OF A FAVORABLE SCENARIO. PLANS FOR THESE LAST TWO YEARS WOULD CHANGE IF EVENTS DEVELOP BADLY.

3. THE UNSPENT PORTION OF FY 78 IMET PROGRAM IS CURRENTLY

UNDER REVIEW. THERE ARE NO PLANS TO CEASE FUNDING OF BOLIVIAN MILITARY ALREADY ENROLLED IN IMET-SPONSORED TRAINING, BUT THOUGHT IS BEING GIVEN TO CANCELLING PROGRAMS FOR OFFICERS WHO HAVE NOT YET DEPARTED BOLIVIA TO INITIATE TRAINING.

4. THE FUTURE OF ECONOMIC ASSISTANCE PROGRAMS WILL DEPEND ON PLANS AND ACTIONS OF THE NEW PEREDA GOVERNMENT. FOR THE TIME BEING, THE FOLLOWING STEPS ARE TO BE TAKEN:

A. AID LOANS ALREADY SIGNED WILL NOT BE AFFECTED.

B. AID LOAN NO. U-063, RURAL HEALTH DELIVERY SYSTEMS, WILL NOT BE SIGNED THIS FISCAL YEAR. IN ANY EVENT, AT THIS TIME IT IS NOT CLEAR THAT WE WILL HAVE SUFFICIENT FUNDS IN THE HEALTH CATEGORY.

C. FOR THE TIME BEING AND UNTIL WE HAVE A CLEARER INDICATION OF THE COURSE OF THE PEREDA GOVERNMENT, WE CONFIDENTIAL

ARE SUSPENDING FURTHER PROCESSING OF THE FOLLOWING:

(1) AID LOANS NO. T-061, RURAL ROADS II, AND NO. T-062, VILLAGE DEVELOPMENT;

(2) NEW GRANT PROGRAMS (FARM POLICY STUDY, VILLAGE DEVELOPMENT, RURAL ACCESS ROADS, RURAL HEALTH DELIVERY SYSTEM, AND RURAL DEVELOPMENT PLANNING);

(3) NEW HOUSING INVESTMENT GUARANTY, BOTH LOAN AND GRANT;

(4) PRODUCTION CREDIT GUARANTY PROGRAM;

(5) THE PENDING AMENDMENT TO FY 78 PL 480 TITLE III FOR $1.4 MILLION (PL 480 TITLE II AND TITLE III PROGRAMS ALREADY SIGNED WILL NOT BE AFFECTED).

D. GIVEN THE INTERESTS OF THE USG IN THE INTERNATIONAL NARCOTICS PROGRAM, CURRENT GRANTS FOR BOTH THE DEVELOPMENT OF THE COCA GROWING REGIONS AND ENFORCEMENT WILL PROBABLY MOVE AHEAD, BUT WE WILL REVIEW NEXT SIGNING

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DATE BEFORE WE PROCEED.

5. WE WANT TO MAKE CLEAR THAT, EXCEPT FOR THE FY 78
FMS CREDIT AND AID RURAL HEALTH DELIVERY SYSTEM LOAN,
THE STEPS CONTAINED IN PARA 4 ARE NOT DEFINITIVE.
FURTHER DECISIONS WILL DEPEND ON THE CHOICES MADE BY

THE PEREDA GOVERNMENT. YOUR ASSESSMENTS OF THOSE CHOICES
AND CONSEQUENT RECOMMENDATIONS FOR ACTION ON ASSISTANCE
PROGRAMS WILL BE APPRECIATED. WE WOULD ALSO APPRECIATE
YOUR ASSESSMENT ON HOW SOON THE SITUATION WILL CLARIFY
BECAUSE OF PRESSURES YOU ARE AWARE OF HERE FOR POTENTIAL
REPROGRAMMING BEFORE THE END OF FY 78. MEANWHILE, WE
SUGGEST YOU DO NOT VOLUNTEER THE SPECIFIC LISTING IN
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PARA 4 TO THE PEREDA GOVERNMENT AT THIS POINT. YOU MAY,
HOWEVER, MENTION THAT WE ARE REVIEWING THE GENERAL
ASSISTANCE RELATIONSHIP.

6. SHOULD EDWIN TAPIA COME BACK TO YOU WITH A CLEAR
NEGATIVE RESPONSE TO THE QUESTIONS YOU POSED IN
REFTEL A, YOU MAY WISH TO INDICATE, WITHOUT BEING
SPECIFIC, THAT SUCH A COURSE WILL MAKE IT DIFFICULT
TO PROCEED WITH OUR PREVIOUS ASSISTANCE RELATIONSHIP.
FYI: FOR THE RECORD, THE DECISION TO REPROGRAM THE
FY 78 FMS CREDITS IS DEFINITIVE IN ANY CASE. END FYI.
EVENTUALLY, WE MAY HAVE TO BALANCE POLITICAL DEVELOPMENTS
IN BOLIVIA AGAINST OUR STRONG INCLINATION NOT TO DENY
BHN-RELATED AID EVEN TO HUMAN RIGHTS VIOLATING GOVERNMENTS.
WE WILL BE REVIEWING THIS ISSUE IN THE WEEKS AHEAD
AND, IN ADDITION TO YOUR POLITICAL ASSESSMENTS AND
RECOMMENDATION, WOULD APPRECIATE YOUR VIEWS ON THE BHN
CHARACTER OF PENDING AID LOANS. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN POLICY POSITION, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 26 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE188170
Document Source: CORE
Document Unique ID: 00
Drafter: MR. TOYRYLA:LEE
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780305-0980
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780718/aaaaapcv.tel
Line Count: 154
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 40f8576c-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 LA PAZ 5803, 78 LA PAZ 5819
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1879251
Secure: OPEN
Status: NATIVE
Subject: US STANCE VIS-A-VIS PEREDA\'S GOVERNMENT - ASSIS- TANCE
TAGS: PGOV, PEPR, BL, US
To: LA PAZ
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/40f8576c-c288-dd11-92da-001cc4696bcc
Review Markings:
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Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014